GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1567
ANSWERED ON:09.03.2007
TAX EXEMPTIONS TO SEZS
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Will the Minister of FINANCE be pleased to state:

(a) the amount of various tax revenues the Government lost due to special tax exemptions given to SEZs all over the country, State-wise during the last three years;

(b) the details of the total tax revenues the Government would lose in the coming next two years i.e., 2007-08 and 2008-09 State-wise; and

(c) the steps taken by the Union Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): The revenue foregone on account of indirect taxes involved on inputs and consumables from 2004-05 to 2006-07 (upto January, 2007) is Rs. 3951.39 crores. As far as direct taxes are concerned, figures are available only for 2006-07 and the loss on account of tax concessions is estimated to be Rs.4,156 crores. State-wise revenue foregone is not available.

(b): Estimated revenue foregone for direct and indirect taxes for the next two years (2007-08 and 2008-09) on account of development of SEZs will be around Rs. 52,470 crores. State-wise revenue foregone has not been estimated.

(c): Under Sec.26 of the SEZ Act, 2005 certain exemptions, drawbacks and concessions are admissible to Developers and entrepreneurs. This will result in certain amount of revenue foregone. It is expected that development of these SEZs would result in generation of additional economic activity, promotion of export & investment, creation of employment and development of infrastructure. The revenue foregone is likely to be compensated when the above objectives are achieved.